PROCEEDINGS OF A SPECIAL MEETING OF THE BOARD OF TRUSTEES OF THE
FIREMEN'S PENSION FUND OF PEORIA, ILLINOIS

A Special Meeting of the Board of Trustees of the Firemen’s Pension Fund of Peoria, Illinois, was held this date at City Hall, Via Teleconference, Peoria, Illinois, at 9:30 A.M. with proper notice having been given, for the purpose of conducting Firemen’s Pension Fund business.

ROLL CALL

Electronic Roll Call of the following members: Ball, Nichting, Tomblin, President Troglio – 4. Absent: Smith – 1.

Others electronically present: Mr. Thomas McShane, First Vice President - Investments, Senior Investment Management Consultant with Graystone Consulting, a business of Morgan Stanley/Smith-Barney in Chicago; Attorney Rick Reimer of Reimer & Dobrovolny on behalf of the Peoria Firemen’s Pension Fund; Mr. Greg Hosbein, Principal, Senior Portfolio Manager at Segall Bryant & Hamill; and Chief Deputy City Clerk Stefanie Tarr.

INVOCATION

A moment of silence was held for all Fire Responders putting their lives at risk and in remembrance of those Firefighters who have served our community.

REGULAR BUSINESS

ITEM NO. 1  DISCUSSION Regarding the Current Investment and Economic Conditions as it Relates to COVID-19.

The following documents were emailed to the Trustees:

- Peoria Cash Flow Analysis – 2019
- Significant Market Drawdowns
- Cash Balance with and without Contributions as of March 31, 2020
- Target and Current Allocation by Asset Class as of March 31, 2020
- Article from Graystone Consulting entitled, “Out Thoughts on the Current Market Environment” dated March 24, 2020
- Article from Morgan Stanley “Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

Mr. McShane reviewed the markets for the month of March noting the impact it had on investments since 2019. He remarked on the current health crisis that had a negative impact on the financial markets. He remarked on the difficulties of conducting economic modeling for the current situation. He reported on the issues between Saudi Arabia and Russia and the impact it had on oil. He said prior to the current crisis, unemployment was at a historical low. He remarked on the importance of restoring public confidence and how that restoration would positively impact the market and on the long-term effects once the crisis had ended.
Mr. Greg Hosbein reviewed the bond market, what happened in the marketplace in mid-March, and the improvements made since that time, reporting that the bond market had stabilized. He reviewed the effects COVID-19 had on the markets since the beginning of March and how it compared to 2008. He identified areas of the markets that would be greatly impacted by the current health crisis. Mr. Hosbein reported that the Fund's liquidity was in excellent condition and would be maintained. He said interest rates had been reduced and he commented that the Federal Reserve supported the mortgage market, which increased prices.

Mr. McShane reviewed the cash flow analysis and the monthly expenses for the last 12 months. He reviewed the amount paid out on a monthly basis along with monthly contributions to the funds. He reviewed the current balance in the cash accounts and provided monthly projection for the next year. He provided projections with normal contributions and without contributions and what the Board would need to do to continue payouts.

Trustee Nichting explained the difficulties the State of Illinois was having during the crisis and how it would trickle down to the municipalities and various pension funds. He commented on a potential delay collecting Real Estate Taxes and the Personal Property Replacement Tax, both of which would impact the pension fund. He remarked on the need for more liquidity should those revenues not be received by the City.

Mr. McShane reviewed the liquidity of the Fund and projections for the next six months. He said should the Fund not receive contributions over the next few months, it would still be able to sustain itself until August. He said there was liquidity in the portfolio that would provide the cash flow when needed.

Discussions were held regarding the revenues needed for pension payments. Trustee Nichting stated that taxes would continue to be collected until otherwise noticed. It was determined that an emergency meeting could be held by the Board should revenues be delayed or withheld.

Attorney Reimer stated that a delay in revenues would constitute a need for an emergency meeting to be held by the Pension Board, noting that at least three Trustees would need to attend. He provided an alternate action stating the Board could give a Trustee the authority to act when such an emergency occurred and to provide action guidelines.

Mr. McShane recommended reallocating funds from Segal, Bryant and Hamill into a cash position in preparation for payments through August. Discussions were held regarding the amount to reallocated.

At the close of the discussion, President Troglio moved to reallocated $3.5 million from Segal Bryant Hamill to the Morton Community Bank; seconded by Trustee Ball.

Approved by roll call vote.
Yea: Ball, Nichting, Tomblin, President Troglio – 4;
Nay: None.
A copy of the Asset Allocation and Performance Flash dated February 29, 2020, was distributed to all members of the Board. The Performance Flash showed the portfolio valued at $138,750,596.00. Since its inception, the total portfolio performance returned 5.89% versus the custom benchmark of 5.70%.

Mr. McShane reviewed the target allocation by asset class reporting equities totaled 60.71% of the portfolio with a target allocation of 60.00% and fixed income was 39.29% of the portfolio with a target allocation of 40.00%. He said reallocating money from fixed income would increase the allocation in equities. He said the portfolio did not contain emerging markets. He remarked on the international equities, noting Vanguard and Thornburg were active managers that provided nimbleness to the portfolio. He said he did not recommend any additional changes to the portfolio at this time.

President Troglio requested performance information for the Fund for the month of March, and Mr. McShane said he would compile that information and distribute to the Board. He reported the Fund was down for the month of March at $125 million.

Mr. McShane reviewed Significant Market Drawdowns from October 2007 to March 2009 reporting a decline of 55.3%. He reviewed historical declines, the durations, the 3-6-12 month returns and the duration from trough to prior peak.

Mr. McShane reported the S&P Index was at 2470 as of April 1, 2020, stating it was a good time to buy. He reviewed buy order recommendations as follows:

- S&P 500 Index trades at 2400 – Buy $1,000,000 S&P 500 Index Fund
- S&P 500 Index trades at 2200 – Buy $3,000,000 S&P 500 Index Fund
- S&P 500 Index trades at 2000 – Buy $6,000,000 S&P 500 Index Fund

Mr. McShane said these were recommendations only and were provided for reference should the Board find themselves in a position to enter buy orders at a later date. He said he did not recommend any further investment actions at this time.

Trustee Ball moved to receive and file the Performance Update Report as of February 29, 2020; seconded by Trustee Nichting.

Approved by viva voce vote.

CITIZENS' OPPORTUNITY TO ADDRESS THE BOARD OF TRUSTEES

It was determined that there were no citizens to address the Board of Trustees.
President Troglio moved to adjourn the Special Firemen's Pension Board Meeting; seconded by Trustee Ball.

Approved by viva voce vote.

The Special Firemen's Pension Board meeting adjourned at 10:55 A.M.

Beth Ball, MMC, City Clerk
Trustee and Board Secretary,
Firemen's Pension Fund of Peoria, Illinois